UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

HUMBERTO LOZADA and OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM Individually and on Behalf of All Others Similarly Situated, Plaintiffs, v. TASKUS, INC., BRYCE MADDOCK, JASPAR WEIR, BALAJI SEKAR, AMIT DIXIT, MUKESH MEHTA, SUSIR KUMAR, JACQUELINE D. RESES, and BCP FC AGGREGATOR L.P., Defendants.	Case No. 1:22-cv-01479 CLASS ACTION

MEMORANDUM OF LAW IN SUPPORT OF PLAINTIFFS' UNOPPOSED MOTION FOR PRELIMINARY APPROVAL OF CLASS ACTION SETTLEMENT

TABLE OF CONTENTS

I. INTRODUCTION 1

II. RELEVANT BACKGROUND 3

A. History of the Litigation 3

B. The Parties' Mediation Efforts 4

C. The Proposed Settlement 4

III. THE PROPOSED SETTLEMENT WARRANTS PRELIMINARY APPROVAL 5

A. The Standard for Preliminary Approval 5

B. The Court "Will Likely Be Able to" Approve the Proposed Settlement, Satisfying Rule 23(e)(1)(B)(i) 6

1. Plaintiffs and Plaintiffs' Counsel Have Adequately Represented the Class – Rule 23(e)(2)(A) 6

2. The Proposed Settlement Was Negotiated at Arm's Length – Rule 23(e)(2)(B) 7

3. The Proposed Settlement Provides Adequate Relief – Rule 23(e)(2)(C) 7

a. The Costs, Risk, and Delay of Trial and Appeal 8

b. The Proposed Method for Distributing Relief Is Effective 10

c. The Terms and Timing of Payment of Attorneys' Fees and Expenses Are Reasonable 12

d. Plaintiffs Have Identified All Agreements Made in Connection with the Proposed Settlement 13

4. The Plan of Allocation Treats Class Members Equitably – Rule 23(e)(2)(D) 13

C. The Court "Will Likely Be Able to" Certify the Proposed Settlement Class, Satisfying Rule 23(e)(1)(B)(ii) 14

1. Numerosity – Rule 23(a)(1) 15

2. Commonality – Rule 23(a)(2) 16

3. Typicality – Rule 23(a)(3) 16

4. Adequacy – Rule 23(a)(4)....16

5. Predominance and Superiority – Rule 23(b)(3) 17

IV. THE COURT SHOULD APPROVE THE PROPOSED FORM OF NOTICE AND PLAN FOR PROVIDING NOTICE TO THE SETTLEMENT CLASS 18

V. PROPOSED SCHEDULE OF SETTLEMENT EVENTS....20

CONCLUSION....21

TABLE OF AUTHORITIES

Page(s)

Cases

Baffa v. Donaldson, Lufkin & Jenrette Sec. Corp.,
222 F.3d 52 (2d Cir. 2000)....................17

In re Bank of Am. Corp. Sec., Derivative, & Emp. Ret. Income Sec. Act (ERISA) Litig.,
281 F.R.D. 134 (S.D.N.Y. 2012)....................15

In re China Sunergy Sec. Litig.,
No. 07 Civ. 7895 (DAB), 2011 WL 1899715 (S.D.N.Y. May 13, 2011)....................8

City of Detroit v. Grinnell Corp.,
495 F.2d 448 (2d Cir. 1974)....................6

Consol. Rail Corp. v. Town of Hyde Park,
47 F.3d 473 (2d Cir. 1995)....................15

Denney v. Deutsche Bank AG,
443 F.3d 253 (2d Cir. 2006)....................17

In re GSE Bonds Antitrust Litig.,
414 F. Supp. 3d 686 (S.D.N.Y. 2019)....................5

In re HealthSouth Corp. Sec. Litig.,
334 F. App'x 248 (11th Cir. 2009)....................13

Lea v. Tal Educ. Grp.,
No. 18-CV-5480 (KHP), 2021 WL 5578665 (S.D.N.Y. Nov. 30, 2021)....................6

In re MF Glob. Holdings Ltd. Inv. Litig.,
310 F.R.D. 230 (S.D.N.Y. 2015)....................17

Micholle v. Ophthotech Corp.,
No. 17-CV-1758 (VSB), 2022 WL 1158684 (S.D.N.Y. Mar. 14, 2022)....................6

Reyes v. Summit Health Mgmt., LLC,
No. 22-CV-9916 (VSB), 2024 WL 472841 (S.D.N.Y. Feb. 6, 2024)....................7

In re Signet Jewelers Ltd. Sec. Litig.,
No. 1:16-cv-06728-CM-SDA, 2020 WL 4196468 (S.D.N.Y. July 21, 2020)....................7

In re SunEdison, Inc. Sec. Litig.,
329 F.R.D. 124 (S.D.N.Y. 2019)....................17, 18

Wal-Mart Stores, Inc. v. Visa U.S.A., Inc.,
396 F.3d 96 (2d Cir. 2005)....................5

Wilson v. LSB Indus., Inc.,
No. 15 Civ. 7614 (RA), 2018 WL 3913115 (S.D.N.Y. Aug. 13, 2018)....................16

In re XL Fleet Corp. Sec. Litig.,
No. 1:21-cv-02002-JLR, 2024 WL 1884483 (S.D.N.Y. Apr. 30, 2024)....................12

Rules

Fed. R. Civ. P. 23.................... *passim*

Statutes

15 U.S.C. § 77z-1....................12, 18, 19

15 U.S.C. § 77k(e)....................14

15 U.S.C. § 78u-4....................12, 14, 18, 19

28 U.S.C. § 1715 (2005), *et seq.*....................3, 19

I. INTRODUCTION

After over two years of hard-fought litigation and extensive discovery, the parties have agreed to a proposed Settlement that would resolve this securities class action in exchange for a cash payment of $17,500,000.[1] This is an outstanding result that represents up to 65% of realistically recoverable damages and grants Settlement Class Members a substantial and prompt recovery without the risks and delay of further litigation.

Plaintiffs now seek the Court's preliminary approval of the Settlement so that notice can be disseminated, and the Final Approval Hearing can be scheduled.

Under Rule 23(e)(1)(B), preliminary approval should be granted because the Court "will likely be able" to (i) grant final approval under Rule 23(e)(2), and (ii) certify the Settlement Class.

First, the Court "will likely be able" to grant final approval because the proposed Settlement is procedurally fair and provides adequate relief, satisfying Rule 23(e)(2). Lead Plaintiff Lozada commenced this securities class action three years ago. The parties reached agreement on the proposed Settlement after arm's-length mediation under the auspices of a respected mediator, David Murphy of Phillips ADR. After a full-day mediation session, the parties were unable to reach agreement, and Mr. Murphy made a mediator's recommendation to settle the action for $17.5 million in cash, which the parties later accepted.

The $17.5 million Settlement is fair, reasonable, and adequate. Indeed, its recovery of as much as 65% of realistically recoverable damages represents nearly ***ten times*** the 6.6% median recovery in cases alleging claims under both Section 10(b) and Section 11.[2]

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[1] Capitalized terms not defined herein have the meanings stated in the Stipulation of Settlement, dated February 24, 2025 (the "Stipulation"), filed herewith. "¶_" refers to the paragraphs of the Complaint (ECF 26). Emphasis added and citations and quotations omitted unless otherwise noted.

[2] *See* Cornerstone Research, *Securities Class Action Settlements – 2023 Review and Analysis*, at 8, available at https://www.cornerstone.com/wp-content/uploads/2024/03/Securities-Class-Action-Settlements-2023-Review-and-Analysis.pdf.

Achieving this outstanding result demanded substantial and prolonged effort. Plaintiffs and Plaintiffs' Counsel shouldered substantial risks and vigorously prosecuted the action from inception. Plaintiffs' Counsel defeated in part Defendants' motion to dismiss, extensively litigated Plaintiffs' motion for class certification (including depositions of both Plaintiffs and two experts), conducted extensive discovery (including securing over 540,000 pages of documents and completing 11 fact depositions), and were preparing for the remaining fact depositions and opening expert reports when the parties reached agreement on the proposed Settlement.

Absent resolution, significant risks remained. Defendants vigorously contested liability, including whether the Registration Statements contained any material misstatements, threatening to defeat the Class's claims outright. Defendants' loss causation arguments threatened to defeat the Exchange Act claims in full, while their negative causation arguments posed a real risk of foreclosing the vast majority, if not all, recoverable damages under the Securities Act. Plaintiffs and Plaintiffs' Counsel successfully navigated these risks to achieve the proposed Settlement, which provides the Settlement Class with a prompt, certain, and substantial recovery that is well within the range of reasonableness.

Second, the Court will be able to certify the proposed Settlement Class. There were millions of shares of TaskUs Class A common stock outstanding during the Class Period, meeting Rule 23(a)(1)'s numerosity requirement, and this action presents numerous class-wide questions, satisfying Rule 23(a)(2). Typicality and adequacy under Rules 23(a)(3) and (4) are satisfied because: (i) Plaintiffs' interests are aligned with those of all members of the Settlement Class, who similarly purchased TaskUs Class A common stock and suffered losses, and (ii) Plaintiffs' Counsel are highly experienced in securities litigation and have vigorously litigated this action to achieve the best possible recovery. The proposed notice program is designed to promptly apprise

Settlement Class Members of the proposed Settlement so they can participate, exclude themselves, or object prior to the Final Approval Hearing. Defendants will also provide timely notice of the proposed Settlement, as required by the Class Action Fairness Act of 2005, 28 U.S.C. § 1715, et seq. ("CAFA"), within ten (10) calendar days of this filing.

Plaintiffs thus respectfully request that the Court grant this motion and enter the proposed Notice Order.

II. RELEVANT BACKGROUND

A. History of the Litigation

Mr. Lozada filed the initial complaint in this action on February 23, 2022. (ECF 1.) On October 20, 2022, the Court appointed Mr. Lozada as Lead Plaintiff and Bleichmar Fonti & Auld LLP ("BFA") as Lead Counsel. (ECF 20.)

To develop the allegations, Lead Counsel conducted an extensive investigation that included interviews with confidential witnesses; comprehensive examination of publicly available information such as SEC filings, news articles, industry publications, analyst reports, and academic literature; and a detailed expert analysis of TaskUs's Glassdoor reviews.

On December 16, 2022, Plaintiffs filed an Amended Class Action Complaint for Violations of the Federal Securities Laws (the "Amended Complaint"), alleging violations of Sections 11, 12(a)(2), and 15 of the Securities Act, and Sections 10(b), 20(a), and 20A of the Exchange Act. Defendants moved to dismiss the Amended Complaint on February 17, 2023. (ECF 32.) On January 5, 2024, the Court granted in part and denied in part Defendants' motion, sustaining claims under Sections 11 and 15 of the Securities Act and Sections 10(b), 20(a), and 20A of the Exchange Act against certain Defendants arising from certain alleged misstatements. (ECF 51.)

Upon the partial denial of Defendants' motion to dismiss, the PSLRA discovery stay was lifted, and Plaintiffs, through Plaintiffs' Counsel, engaged in extensive discovery. Plaintiffs

secured over 540,000 pages of documents from Defendants and numerous third parties, including the underwriters of TaskUs's IPO and SPO, TaskUs's clients, TaskUs's auditor, and Jobvite. The parties also completed thirteen depositions of fact witnesses—including Defendants Maddock, Weir, Sekar, and Kumar.

In addition, the parties fully briefed Plaintiffs' motion for class certification, which Defendants vigorously opposed, and exchanged two rounds of related expert reports, with two expert depositions. Plaintiffs also produced more than 2,500 pages of responsive documents and each sat for a deposition.

At the time of the Settlement, the parties were preparing to complete the depositions of additional fact witnesses and would have soon exchanged opening expert reports.

B. The Parties' Mediation Efforts

On January 28, 2025, the parties engaged in a full-day, in-person mediation session with Mr. Murphy in New York City. Prior to the session, the parties submitted and exchanged detailed opening and rebuttal mediation statements and exhibits. On January 28, the parties engaged in good faith, arm's-length negotiations and exchanged several demands and counteroffers, but were unable to reach agreement. At the conclusion of the session, Mr. Murphy made a mediator's recommendation to settle the action for a cash payment of $17.5 million. The parties accepted the mediator's recommendation on January 30, 2025, then negotiated the Stipulation.

C. The Proposed Settlement

The terms of the proposed Settlement are set forth in the parties' Stipulation. In short, the Settlement Amount of $17.5 million in cash will be paid by Defendants and/or Defendants' insurers into an interest-bearing escrow account interest-bearing escrow account following preliminary approval. (Stipulation ¶2.1.)

In the event the Court grants approval of the Settlement, the Net Settlement Fund (*i.e.*, the Settlement Amount, plus accrued interest, minus Notice and Administration Costs, Taxes and Tax Expenses, and any Court-approved attorneys' fees, expenses, awards or other Court-approved deductions) will then be distributed to Settlement Class Members who submit valid Proof of Claim and Release forms ("Authorized Claimants") in accordance with a Court-approved plan of allocation.

III. THE PROPOSED SETTLEMENT WARRANTS PRELIMINARY APPROVAL

A. The Standard for Preliminary Approval

Rule 23(e) provides that the Court should approve a class action settlement if the Court finds it "fair, reasonable, and adequate." Fed. R. Civ. P. 23(e)(2). The Second Circuit has recognized the "strong judicial policy in favor of settlements, particularly in the class action context." *Wal-Mart Stores, Inc. v. Visa U.S.A., Inc*., 396 F.3d 96, 116-17 (2d Cir. 2005).

"A class action settlement approval procedure typically occurs in two stages: (1) preliminary approval, where prior to notice to the class a court makes a preliminary evaluation of fairness, and (2) final approval, where notice of a hearing is given to the class members, [and] class members and settling parties are provided the opportunity to be heard on the question of final court approval." *In re GSE Bonds Antitrust Litig*., 414 F. Supp. 3d 686, 691–92 (S.D.N.Y. 2019).

Under Rule 23(e)(1)(B), a court grants preliminary approval upon a finding that it "will likely be able" to (i) grant final approval of the settlement under Rule 23(e)(2), and (ii) certify the settlement class. As discussed below, the proposed Settlement readily satisfies both requirements, such that the Notice Order should be entered and notice of the proposed Settlement sent to the Settlement Class in advance of the Final Approval Hearing.

B. The Court "Will Likely Be Able to" Approve the Proposed Settlement, Satisfying Rule 23(e)(1)(B)(i)

In determining settlement approval, Rule 23(e)(2), as amended in 2018, requires the Court to consider whether the settlement "is fair, reasonable, and adequate after considering whether:"

> (A) the class representatives and class counsel have adequately represented the class; (B) the proposal was negotiated at arm's length; (C) the relief provided for the class is adequate, taking into account: (i) the costs, risks, and delay of trial and appeal; (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims; (iii) the terms of any proposed award of attorney's fees, including timing of payment; and (iv) any agreement required to be identified under Rule 23(e)(3); and (D) the proposal treats class members equitably relative to each other.[3]

Preliminary approval is warranted because "the proposed settlement appears to be the product of serious, informed, noncollusive negotiations, has no obvious deficiencies, does not improperly grant preferential treatment to class representatives or segments of the class and falls within the range of possible approval." *Micholle v. Ophthotech Corp.*, No. 17-CV-1758 (VSB), 2022 WL 1158684, at *1 (S.D.N.Y. Mar. 14, 2022).

1. Plaintiffs and Plaintiffs' Counsel Have Adequately Represented the Class – Rule 23(e)(2)(A)

Satisfying Rule 23(e)(2)(A)'s adequacy requirement, Plaintiffs and Plaintiffs' Counsel "have adequately represented the class." For nearly three years, Plaintiffs and Plaintiffs' Counsel have vigorously pursued this action, defeating in part Defendants' motion to dismiss, fully briefing class certification, and securing extensive discovery to develop the merits and achieve a substantial

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[3] Prior to the 2018 amendments, courts assessed settlements under the Second Circuit's *Grinnell* factors. *See City of Detroit v. Grinnell Corp.*, 495 F.2d 448 (2d Cir. 1974). The Advisory Committee notes explain that the goal of the 2018 amendments was "'not to displace' any of the *Grinnell* factors, 'but rather to focus the court and the lawyers on the core concerns of procedure and substance that should guide the decision whether to approve' the settlement." *Lea v. Tal Educ. Grp.*, No. 18-CV-5480 (KHP), 2021 WL 5578665, at *8 (S.D.N.Y. Nov. 30, 2021) (quoting Advisory Committee Notes to 2018 amendments to Rule 23).

settlement. The parties engaged in protracted discovery negotiations and meet-and-confers, resulting in several discovery disputes litigated before the Court. Ultimately, as indicated above, Plaintiffs secured more than 540,000 pages of documents and the parties completed thirteen depositions of fact witnesses. These extensive efforts ensured that Plaintiffs "and their counsel were well informed about the strengths and weaknesses of the case before reaching the agreement to settle." *In re Signet Jewelers Ltd. Sec. Litig.*, No. 1:16-cv-06728-CM-SDA, 2020 WL 4196468, at *3 (S.D.N.Y. July 21, 2020).

2. The Proposed Settlement Was Negotiated at Arm's Length – Rule 23(e)(2)(B)

Satisfying Rule 23(e)(2)(B), the proposed Settlement "was negotiated at arm's length." Specifically, the Settlement was reached after the parties had completed extensive document discovery, depositions of 13 fact witnesses, briefing on Plaintiffs' class certification motion, and a full-day mediation session under the auspices of Mr. Murphy. The parties' extensive arm's-length negotiations—resulting in the issuance of a mediator's recommendation—confirm that the proposed settlement is the product of serious, informed, non-collusive negotiations. *See Reyes v. Summit Health Mgmt., LLC*, No. 22-CV-9916 (VSB), 2024 WL 472841, at *3 (S.D.N.Y. Feb. 6, 2024) (completion of "seven months of discovery" and negotiations before "an experienced mediator" satisfied Rule 23(e)(2)(B)).

3. The Proposed Settlement Provides Adequate Relief – Rule 23(e)(2)(C)

Under Rule 23(e)(2)(C), the Court is to assess the adequacy of the relief "taking into account: (i) the costs, risks, and delay of trial and appeal; (ii) the effectiveness of any proposed method of distributing relief to the class, including the method of processing class-member claims; (iii) the terms of any proposed award of attorney's fees, including timing of payment; and (iv) any agreement required to be identified under Rule 23(e)(3)."

These factors are readily satisfied here. The $17.5 million all-cash Settlement Amount represents between 16.2% and 65% of Plaintiffs' estimated range of realistically recoverable damages of $27.3 million to $108.1 million. Specifically, Defendants' negative causation and loss causation arguments threatened to constrain damages to (at most) the $5.02 per-share decline after the release of the Spruce Report. Under those assumptions, recoverable damages would be $108.1 million, and the proposed Settlement would represent 16.2% of realistically recoverable damages.[4] The 16.2% figure is more than double the 6.6% median recovery in cases alleging claims under both Section 10(b) and Section 11 between 2014 and 2023.[5] And if Defendants' negative causation defense had constrained both Securities Act and Exchange Act damages to 25% of the decline after the release of the Spruce Report, recoverable damages would be $27.3 million, and the Settlement would constitute a 65% recovery—nearly two-thirds of realistically recoverable damages. The range of recovery here also compares favorably to securities class action settlements in this District. *See In re China Sunergy Sec. Litig.*, No. 07 Civ. 7895 (DAB), 2011 WL 1899715, at *5 (S.D.N.Y. May 13, 2011) (noting that "average settlement amounts in securities fraud class actions . . . over the past decade" "ranged from 3% to 7% of the class members' estimated losses").

a. The Costs, Risk, and Delay of Trial and Appeal

The significant "costs, risks, and delay" of further litigation confirm that the Settlement is fair, reasonable, and adequate. Fed. R. Civ. P. 23(e)(2)(C)(i).

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[4] While the statutory formula under Section 11 would result in damages in excess of $400 million before accounting for negative causation, Defendants vigorously asserted that the unique circumstances of this case, including the nature of the corrective disclosure, "render[ed] damages for the Securities Act claims to be zero." (ECF 166 at 5 of 14.) The impact of negative causation remains a disputed issue, and $108.1 million is Plaintiffs' highest estimate of realistically recoverable damages.

[5] *See* Cornerstone Research, *Securities Class Action Settlements – 2023 Review and Analysis*, at 8, available at https://www.cornerstone.com/wp-content/uploads/2024/03/Securities-Class-Action-Settlements-2023-Review-and-Analysis.pdf.

Merits Risks: On the merits, Defendants vigorously denied any material misstatement. Specifically, Defendants have strenuously argued that TaskUs experienced low attrition and had a positive culture compared to other business process outsourcing (BPO) companies, and that Defendants did not require any TaskUs employees to submit Glassdoor reviews, much less positive ones. Underscoring the risks of proving material falsity, the Court indicated *sua sponte* that the "low attrition" statement—the sole alleged misstatement that remained under the Exchange Act—may be inactionable as an opinion (*see* ECF 51 at 26 n.17)—an argument Defendants were sure to advance at summary judgment and trial. While Plaintiffs have strong responses to such arguments, if Defendants prevailed at summary judgment or trial on the absence of any material misstatement or omission, the entire case would be lost, eliminating any recovery.

Defendants' price impact arguments on class certification also posed risks. Specifically, Defendants argued that Spruce Point's testimony that its Report did not contain any material non-public information, and the asserted lack of analyst discussion of the alleged misstatement, demonstrated the absence of price impact. While Plaintiffs have strong responses, these arguments raised the risk that the Court would not certify an Exchange Act class.

Even if Plaintiffs overcame these arguments on class certification, Defendants would have argued at summary judgment and trial that the Spruce Report cannot support loss causation or damages under the Exchange Act because it did not "correct" any earlier misstatements and because any subsequent price decline was attributable to confounding information or other factors. Defendants likely would have deployed similar arguments in support of their statutory negative causation defense under the Securities Act, which threatened to foreclose the majority of Securities Act damages—and even eliminate the Securities Act claims in their entirety. These arguments posed serious risks of foreclosing any damages.

Accordingly, absent the proposed Settlement, there was a very real risk that the Settlement Class would have recovered significantly less than the total Settlement Amount–or nothing at all.

Risk of Delay: The inherent delay in obtaining and collecting any judgment is also relevant. If litigation had continued, Plaintiffs would have had to complete the remaining fact and expert discovery, prevail on class certification, defeat summary judgment, succeed at trial, and successfully defend any judgment on the appeal that would likely follow before any funds would be distributed to the Class. These developments could deprive the Class of any recovery for years. By contrast, the proposed Settlement provides certainty and a substantial, prompt cash payment to the Settlement Class.

Thus, the costs, risks, and delay of further litigation weigh heavily in favor of preliminary approval of the proposed Settlement.

b. The Proposed Method for Distributing Relief Is Effective

As demonstrated below and in the supporting Declaration of Morgan Kimball ("Kimball Decl."), the "proposed method of distributing relief to the class, including the method of processing class-member claims," is effective, satisfying Rule 23(e)(2)(C)(ii).

The notice process includes direct mail and/or email notice to all those who can be identified with reasonable effort, including through nominees. The Notice (Ex. A-1 to the Stipulation) is a postcard that contains all of the information required under the PSLRA and satisfies Rule 23 (*see infra* Section IV). The postcard directs Settlement Class members to the case-specific website (www.TaskUsSecuritiesLitigation.com) where they can submit claims electronically or download a copy of the Proof of Claim form (Ex. A-3 to the Stipulation). Because recent experience in large securities settlements indicates that about 80% of claims are filed

electronically,[6] the postcard does not include a paper Proof of Claim form, but directs potential Settlement Class members to a case-specific website where they can submit claims electronically or request a paper copy of the Proof of Claim.[7] (Kimball Decl. ¶6.) The postcard also provides a toll-free phone number to contact the Claims Administrator and request a paper copy of the Proof of Claim. (Stipulation Ex. A-1.) The website also provides a Long-Form Notice (Ex. A-2 to the Stipulation) with additional detailed information, including in question-and-answer format, as well as copies of the Stipulation and other relevant documents. (*See* Kimball Decl. ¶16; Stipulation Ex. A-2.) Finally, in addition to direct mailing and the website, the notice program will include publication of the Summary Notice (Ex. A-4 to the Stipulation) in *Investor's Business Weekly* and dissemination via *PR Newswire*. (Kimball Decl. ¶14.)

The current estimate calls for direct mailing and/or emailing of the Notice to about 25,000 potential Settlement Class Members. (*Id.* ¶13.) Accordingly, direct mailing and/or emailing of the Notice and electronic dissemination of the Long-Form Notice and Proof of Claim (with paper copies available on request) significantly reduces administrative costs without impacting effectiveness, thereby preserving more assets for distribution to Settlement Class Members. (*Id.*)

The claims administration process will follow established procedures in securities class actions. Settlement Class Members must complete the Proof of Claim and provide the transaction information and documentation necessary to calculate their Recognized Claims pursuant to the Plan of Allocation (set forth in the Long-Form Notice). Once the Claims Administrator has processed all claims, notified claimants of deficiencies or ineligibility, processed responses, and

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[6] *See, e.g.*, *In re Petrobras Sec. Litig.*, No. 1:14-cv-09662-JSR, ECF 970 ¶16 (S.D.N.Y. Sept. 20, 2019).

[7] Providing a long-form notice and claim form online (with direct mail notice provided by postcard) has been approved under the PSLRA and Rule 23 in other securities class settlements in this District. *See, e.g.*, *In re Banco Bradesco S.A. Sec. Litig.*, No. 1:16-cv-04155-GHW, ECF 197 ¶9 (S.D.N.Y. July 24, 2019) (approving notice through "mailing and distribution of the Postcard Notice, the posting of the Notice and Claim Form on the Settlement Website, and the publication of the Summary Notice").

made claim determinations, the Claims Administrator will make distributions to Authorized Claimants. If any funds remain in the Net Settlement Fund after the initial distributions, the Claims Administrator will conduct re-distributions until it is no longer cost-effective to do so. Any remaining balance will be contributed to a non-profit, charitable organization after Court approval.

c. The Terms and Timing of Payment of Attorneys' Fees and Expenses Are Reasonable

Pursuant to Rule 23(e)(2)(C)(iii), "the terms of any proposed award of attorney's fees, including timing of payment," support preliminary approval. The proposed Settlement does not contemplate any specific fee and expense award, but rather recognizes that Lead Counsel will seek Court approval of a separate fee and expense application to be paid from the Settlement Fund. Lead Counsel's fee and expense application will be fully briefed via formal motion in accordance with the Notice Order.

As stated in the Notice, Lead Counsel will seek total fees of no more than 30% of the Settlement Fund (including interest earned thereon). This amount is below the percentages that courts in this District have recently approved in other complex securities class actions. *See, e.g.*, *In re Y-mAbs Therapeutics, Inc. Sec. Litig.*, No. 1:23-cv-00431-AS, ECF 69 (S.D.N.Y. Oct. 29, 2024) (approving 33.3% fee); *In re XL Fleet Corp. Sec. Litig.*, No. 1:21-cv-02002-JLR, 2024 WL 1884483 (S.D.N.Y. Apr. 30, 2024) (same). Lead Counsel will also seek an award of litigation expenses in an amount not to exceed approximately $980,000, and awards to Plaintiffs pursuant to 15 U.S.C. § 78u-4(a)(4) and 15 U.S.C. § 77z-1(a)(4) of no more than $17,000 in the aggregate. Lead Counsel believes Plaintiffs' requested awards are fully supported by their extensive involvement throughout this litigation, including participating in discovery, their depositions, and the mediation, which will be set forth in greater detail in the fee and expense application.

d. Plaintiffs Have Identified All Agreements Made in Connection with the Proposed Settlement

Pursuant to Rule 23(e)(3), the parties' only "agreement made in connection with" the proposed Settlement, other than the Stipulation, is a confidential Supplemental Agreement providing specified options to terminate the settlement if Persons who otherwise would be Members of the Settlement Class, and timely choose to exclude themselves, purchased more than a certain number of shares of TaskUs Class A common stock during the Class Period. (Stipulation ¶8.4.) As is standard in securities class action settlements, such agreements are not made public to avoid incentivizing individual class members to leverage the opt-out threshold to seek disproportionate individual settlements at the expense of the broader class.[8] Pursuant to its terms, the Supplemental Agreement may be submitted to the Court for *in camera* review.

4. The Plan of Allocation Treats Class Members Equitably – Rule 23(e)(2)(D)

Finally, Rule 23(e)(2)(D) directs the Court to evaluate whether the proposed Settlement "treats class members equitably relative to each other." The Plan of Allocation satisfies this requirement because it allocates each Authorized Claimant their *pro rata* share of the Net Settlement Fund based on their recognized losses in transactions in TaskUs Class A common stock. Those recognized losses are calculated under the Plan of Allocation using estimates of artificial inflation at the time of purchase and sale for the Exchange Act claims, and for the Securities Act claims in a manner informed by the statutory damages formula.

Specifically, the Plan of Allocation—developed by Lead Counsel with expert assistance—calculates a "Recognized Loss Amount" for each qualifying purchase or acquisition of TaskUs

[8] *See, e.g.*, *In re HealthSouth Corp. Sec. Litig*., 334 F. App'x 248, 250 n.4 (11th Cir. 2009) ("The threshold number of opt outs required to trigger the blow provision is typically not disclosed and is kept confidential to encourage settlement and discourage third parties from soliciting class members to opt out.").

Class A common stock listed on the Proof of Claim for which the claimant provides adequate documentation.

Transactions in TaskUs Class A common stock during the Class Period may result in Exchange Act Recognized Loss Amounts, with the calculation depending on when the claimant purchased and/or sold these securities and whether the claimant held them through the statutory 90-day look-back period after the end of the Class Period. *See* 15 U.S.C. § 78u-4(e).

TaskUs Class A common stock purchased in or traceable to TaskUs's Secondary Offering may result in Securities Act Recognized Loss Amounts. The calculation of the Securities Act Recognized Loss Amount depends on the amount paid for these shares (not to exceed their offering price), whether they were held after January 19, 2022, and their price or value at the time of suit or the time of sale. *See* 15 U.S.C. § 77k(e).

A claimant's "Recognized Claim" will be the sum of the claimant's Recognized Loss Amounts. The Net Settlement Fund will be allocated to Authorized Claimants on a *pro rata* basis based on their Recognized Claims in proportion to all Recognized Claims.

The Plan of Allocation is comparable to plans of allocation approved in other securities class actions, including in this Court. *See, e.g.*, *In re Luckin Coffee Inc. Sec. Litig.*, No. 1:20-cv-01293-JPC, ECF 339 (S.D.N.Y. July 22, 2022) (approving plan of allocation providing for Exchange Act and Securities Act recognized loss amounts depending on whether securities were purchased in IPO or secondary offering); *id.* ECF 316-1 at 20-26 (plan of allocation).

C. The Court "Will Likely Be Able to" Certify the Proposed Settlement Class, Satisfying Rule 23(e)(1)(B)(ii)

The Court "will likely be able to" certify the proposed Settlement Class because it meets each requirement under Rules 23(a) and (b)(3). Fed. R. Civ. P. 23(e)(1)(B).

The proposed Settlement Class, which has been stipulated to by the Parties, consists of "all Persons who purchased or otherwise acquired TaskUs Class A common stock (a) during the Class Period of June 11, 2021 through January 19, 2022, both inclusive, and were damaged thereby; and (b) pursuant and/or traceable to the IPO Registration Statement or Secondary Offering Registration Statement, and were damaged thereby.[9] (Stipulation ¶1.40.)

1. Numerosity – Rule 23(a)(1)

The Settlement Class is "so numerous that joinder of all members is impracticable." Fed. R. Civ. P. 23(a)(1). Numerosity "is presumed at a level of 40 members." *Consol. Rail Corp. v. Town of Hyde Park*, 47 F.3d 473, 483 (2d Cir. 1995). "In securities fraud class actions relating to publicly owned and nationally listed corporations, the numerosity requirement may be satisfied by a showing that a large number of shares were outstanding and traded during the relevant period." *In re Bank of Am. Corp. Sec., Derivative, & Emp. Ret. Income Sec. Act (ERISA) Litig.*, 281 F.R.D. 134, 138 (S.D.N.Y. 2012).

During the Class Period, TaskUs Class A common stock traded on NASDAQ, with between 15.2 million and 27.4 million shares publicly traded and an average weekly trading volume of 5.15 million shares. (ECF 75-1 ¶¶28, 39, 66.) Accordingly, there are at least thousands of members of the Settlement Class, satisfying numerosity.

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[9] Excluded from the Settlement Class are: (i) Defendants and any affiliates or subsidiaries thereof; (ii) present and former officers and directors of TaskUs and their immediate family members (as defined in Item 404 of SEC Regulation S-K, 17 C.F.R. § 229.404, Instructions (1)(a)(iii) & (1)(b)(ii)); (iii) Defendants' liability insurance carriers, and any affiliates or subsidiaries thereof; (iv) any entity in which any Defendant had or has had a controlling interest; (v) TaskUs's employee retirement and benefit plan(s); and (vi) the legal representatives, heirs, estates, agents, successors, or assigns of any person or entity described in the preceding five categories. Also excluded from the Settlement Class are those Persons who timely and validly request exclusion from the Settlement Class pursuant to the requirements set by the Court.

2. Commonality – Rule 23(a)(2)

Rule 23(a)(2) is satisfied because this action presents "questions of law or fact common to" the Settlement Class, including whether Defendants' statements were materially false or misleading; whether the Individual Defendants and Defendant BCP were controlling persons under Section 15 of the Securities Act; whether the Individual Defendants can sustain their burden of establishing an affirmative defense under the Securities Act; and, as to Plaintiffs' Exchange Act claims, whether Defendants acted with scienter, whether reliance may be presumed under the fraud-on-the-market doctrine, and whether Settlement Class members suffered damages. Such common questions of law and fact readily satisfy the commonality requirement. *See, e.g.*, *Wilson v. LSB Indus., Inc.*, No. 15 Civ. 7614 (RA) (GWG), 2018 WL 3913115, at *4 (S.D.N.Y. Aug. 13, 2018) (common questions included falsity, materiality and control person status).

3. Typicality – Rule 23(a)(3)

Rule 23(a)(3) is satisfied because Plaintiffs' claims "are typical of the claims" of the Settlement Class. Typicality "is satisfied when each class member's claim arises from the same course of events, and each class member makes similar legal arguments to prove the defendant's liability." *Wilson*, 2018 WL 3913115, at *4. Here, like all Settlement Class members, Plaintiffs purchased or acquired TaskUs Class A common stock during the Class Period and assert the same claims under the Securities Act and the Exchange Act. This satisfies typicality. *See id.* at *5 (finding typicality where claims "are based entirely on alleged misrepresentations . . . that [defendants] made to the investing public during the Class Period" and "will rely on the same course of events").

4. Adequacy – Rule 23(a)(4)

Rule 23(a)(4) is satisfied because Plaintiffs and Plaintiffs' Counsel "will fairly and adequately protect the interests of the class." Specifically, Plaintiffs' interests are not "antagonistic

to the interest of other members of the class" and Plaintiffs' Counsel "are qualified, experienced and able to conduct the litigation." *Baffa v. Donaldson, Lufkin & Jenrette Sec. Corp.*, 222 F.3d 52, 60 (2d Cir. 2000).

Plaintiffs have the same interests and suffered the same injuries as other Settlement Class members. In addition, Plaintiffs have demonstrated their adequacy by "vigorously pursuing the claims of the class." *Denney v. Deutsche Bank AG*, 443 F.3d 253, 268 (2d Cir. 2006). Plaintiffs have devoted substantial time and resources to sit for their depositions, produce documents, oversee Plaintiffs' Counsel throughout the litigation, and participate in the mediation.

Plaintiffs have further shown their adequacy by retaining and overseeing well-qualified Plaintiffs' Counsel. Lead Counsel BFA, Kehoe Law Firm P.C., and The Law Offices of Susan R. Podolsky all have extensive experience prosecuting complex securities class actions throughout the country. Indeed, the Court has acknowledged BFA's "extensive experience representing plaintiffs in class actions" in appointing BFA as Lead Counsel. (ECF 20 at 4.)

5. Predominance and Superiority – Rule 23(b)(3)

As is typical in securities class actions, Rule 23(b)(3) is satisfied because "questions of law or fact common to class members predominate over any questions affecting only individual members," and "a class action is superior to other available methods for fairly and efficiently adjudicating the controversy." *In re MF Glob. Holdings Ltd. Inv. Litig.*, 310 F.R.D. 230, 238 (S.D.N.Y. 2015) (predominance satisfied where claims "arise from alleged misstatements" and "will succeed on proof of the same findings"); *In re SunEdison, Inc. Sec. Litig.*, 329 F.R.D. 124, 141–42 (S.D.N.Y. 2019) (common questions of falsity, materiality, and scienter predominated). Further, this action, like other "securities actions[,] easily satisf[ies] the superiority requirement because the alternatives are either no recourse for thousands of stockholders or a multiplicity and

scattering of suits with the inefficient administration of litigation which follows in its wake." *SunEdison*, 329 F.R.D. at 144.

IV. THE COURT SHOULD APPROVE THE PROPOSED FORM OF NOTICE AND PLAN FOR PROVIDING NOTICE TO THE SETTLEMENT CLASS

Finally, the form and content of the Notice should be approved because they meet the requirements of due process, the Federal Rules of Civil Procedure, and the PSLRA.

Rule 23(e)(1)(B) requires the court to "direct notice in a reasonable manner to all class members who would be bound" by a proposed settlement. In addition, Rule 23(c)(2)(B) requires the Court to direct to a class certified under Rule 23(b)(3) "the best notice that is practicable under the circumstances, including individual notice to all members who can be identified through reasonable effort."

Here, the Notice and Long-Form Notice (Exs. A-1 and A-2 to the Stipulation) are written in plain language and apprise Settlement Class members of the nature of the litigation, including the claims and issues involved; the definition of the Settlement Class; the terms of the proposed Settlement; that the Court will exclude any Settlement Class member who timely requests exclusion; the procedures and deadlines for exclusion requests and objections; and the binding effect of a class judgment on Settlement Class members under Rule 23(c)(3)(B), among other disclosures.

The Notice and Long-Form Notice also satisfy the PSLRA's disclosure requirements for securities class settlements. *See* 15 U.S.C. § 77z-1(a)(7); 15 U.S.C. § 78u-4(a)(7). Specifically, they disclose:

1. The amount of the proposed Settlement on an aggregate and per-share basis (Notice at 1-2; Long-Form Notice at 1), satisfying 15 U.S.C. § 77z-1(a)(7)(A) and 15 U.S.C. § 78u-4(a)(7)(A);

2. The issues about which the parties disagree (Notice at 2; Long-Form Notice at 3, Question 2), satisfying 15 U.S.C. § 77z-1(a)(7)(B)(ii) and 15 U.S.C. § 78u-4(a)(7)(B)(ii);

3. The maximum amount of attorneys' fees and litigation expenses that Lead Counsel will seek (including on a per-share basis) (Notice at 2; Long-Form Notice at 3-4, Question 18), satisfying 15 U.S.C. § 77z-1(a)(7)(C) and 15 U.S.C. § 78u-4(a)(7)(C);

4. The name, mailing address, and telephone number of the Claims Administrator and/or Lead Counsel, who will be available to answer questions from Settlement Class Members (Notice at 1-2; Long-Form Notice at 4, Question 25), satisfying 15 U.S.C. § 77z-1(a)(7)(D) and 15 U.S.C. § 78u-4(a)(7)(D); and

5. A brief statement explaining the reasons why the parties are proposing the Settlement (Notice at 2; Long-Form Notice at 2-3, Question 5), satisfying 15 U.S.C. § 77z-1(a)(7)(E) and 15 U.S.C. § 78u-4(a)(7)(E).

Lead Counsel proposes that Epiq Class Action and Claims Solutions, Inc. ("Epiq"), a leading independent settlement and claims administrator, administer the notice and claims process. If the Court preliminarily approves the Settlement, Epiq will disseminate the Notice to all identified potential Settlement Class Members. To do so, Epiq will utilize a list from Defendants' securities transfer agent of all persons who purchased or otherwise acquired TaskUs Class A common stock between June 11, 2021 and January 19, 2022, as well as Epiq's proprietary list of U.S. banks, brokerage firms, and nominees that purchase securities on behalf of beneficial owners. Epiq will also publish the Summary Notice in *Investor's Business Daily*, transmit the Summary Notice over *PR Newswire*, and post the Notice, Long-Form Notice, Proof of Claim and other materials on the Settlement Website. The parties have also agreed that, no later than ten calendar days after the filing of the Stipulation with the Court, Defendants shall serve (or cause to be served) the notice required under the Class Action Fairness Act, 28 U.S.C. § 1715 (2005), *et seq.*

The proposed combination of mail, publication, and electronic notice satisfies Rule 23(c)(2)(B), which provides that "notice may be by one or more of the following: United States mail, electronic means, or other appropriate means." This Court has approved class notice

plans, like that proposed here, that utilize direct mail, press releases, and posting of notice information on a dedicated website. *See, e.g.*, *Luckin Coffee*, No. 1:20-cv-01293-JPC, ECF 319 ¶4 (S.D.N.Y. Oct. 26, 2021); *In re Evoqua Water Tech. Corp. Sec. Litig.*, No. 1:18-cv-10320-JPC, ECF 137 ¶7 (S.D.N.Y. July 8, 2021).

V. PROPOSED SCHEDULE OF SETTLEMENT EVENTS

In the event the Court grants preliminary approval of the Settlement, Plaintiffs respectfully propose the schedule below for settlement-related events. The timing of each event is determined by the date the Notice Order is entered and the date of the Final Approval Hearing; thus, upon entry of the Notice Order, the Court need only schedule a date for the Final Approval Hearing.

EVENT	DEADLINE
Deadline for Claims Administrator to publish the Summary Notice in a national news publication and over a national newswire service	14 calendar days from entry of the Notice Order (Proposed Order ¶8(b))
Deadline for Claims Administrator to commence mailing of the Notice to Settlement Class members (the "Notice Date") and to post copies of the Notice, Long-Form Notice, Proof of Claim, Stipulation, and its exhibits to a website for the Litigation (www.TaskUsSecuritiesLitigation.com)	21 calendar days from entry of the Notice Order (Proposed Order ¶8(a))
Deadline to submit written requests for exclusion	45 calendar days from Notice Date (Proposed Order ¶12)
Deadline to submit Proof of Claim	90 calendar days from Notice Date (Proposed Order ¶11)
Deadline for motions for final approval of the Settlement, Plan of Allocation, and for attorneys' fees and expenses	35 calendar days prior to the Final Approval Hearing (Proposed Order ¶15)
Deadline for objections and statements of intention to appear at the Final Approval Hearing	21 calendar days prior to the Final Approval Hearing (Proposed Order ¶13)
Deadline for replies to any objections	7 calendar days prior to the Final Approval Hearing (Proposed Order ¶15)
Deadline for Lead Counsel to file with the Court proof of mailing and publication of the Notice, Long-Form Notice, Proof of Claim, Summary Notice, and Stipulation and its exhibits	No later than 7 calendar days prior to the Final Approval Hearing (Proposed Order ¶8(c))
Final Approval Hearing	The later of June 5, 2025 or 90 calendar days from entry of the Preliminary Approval Order (Proposed Order at ¶4)

CONCLUSION

Plaintiffs respectfully request that the Court grant this motion and enter the agreed-upon proposed Notice Order, which will provide for: (i) preliminary approval of the Settlement; (ii) approval of the form and manner of giving notice of the Settlement to the Settlement Class; and (iii) a hearing date and time to consider final approval of the Settlement and related matters.

Dated: February 24, 2025

Respectfully submitted,

/s/ Joseph A. Fonti

Joseph A. Fonti
Nancy A. Kulesa
Evan A. Kubota
Thayne Stoddard
BLEICHMAR FONTI & AULD LLP
300 Park Avenue, Suite 1301
New York, New York 10022
Telephone: (212) 789-1340
Facsimile: (212) 205-3960
jfonti@bfalaw.com
nkulesa@bfalaw.com
ekubota@bfalaw.com
tstoddard@bfalaw.com

Counsel for Lead Plaintiff Humberto Lozada and Named Plaintiff Oklahoma Firefighters Pension and Retirement System

John A. Kehoe
Michael K. Yarnoff
KEHOE LAW FIRM, P.C.
2001 Market Street, Suite 2500
Philadelphia, Pennsylvania 19103
Telephone: (212) 792-6676
jkehoe@kehoelawfirm.com
myarnoff@kehoelawfirm.com

Additional Counsel for Lead Plaintiff Humberto Lozada

CERTIFICATE OF WORD COUNT COMPLIANCE

I certify that this memorandum of law does not exceed 8,750 words and, thus, complies with Local Civil Rule 7.1(c) and Section 2.B of the Court's Individual Rules and Practice in Civil Cases, as revised on January 2, 2025. The total number of words contained in the foregoing brief, exclusive of the caption, table of contents, table of authorities, signature block, and this certificate, but including footnotes, is 6,293 words. In preparing this certificate, I have relied on the word count of the word-processing program used to prepare this brief.

Dated: February 24, 2025
New York, New York

/s/ *Joseph A. Fonti*
Joseph A. Fonti